GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:83
ANSWERED ON:04.12.2015
Credit to MSMEs
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Will the Minister of FINANCE be pleased to state:

(a) whether subsidised loan is being given to Micro, Small and Medium Enterprises (MSMEs) units and if so, the details thereof;

(b) the funds allocated and sanctioned under the Credit Guarantee Scheme, Credit Linked Capital Subsidy Scheme and other Credit Schemes, State-wise; and

(c) the steps taken/being taken by the Government to ensure easy access and increase credit flow to MSMEs in the country including North-Eastern Region?

Answer

MINISTER OF FINANCE

(a) to (c): A Statement is laid on the Table of the House.

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STATEMENT REFERRED IN REPLY TO STARRED QUESTION No.*83 FOR ANSWER ON 4th DECEMBER, 2015 TABLED BY SHRI PARESH RAVAL AND SHRIMATI MEENAKASHI LEKHI REGARDING 'CREDIT TO MSMEs'

(a) to (c): Government of India and Reserve Bank of India (RBI) have, inter-alia, taken the following measures to make bank credit more accessible to Micro, Small and Medium Enterprises (MSMEs) all over the country including the North-Eastern region:-

(i) Scheduled Commercial Banks (SCBs) have been advised to
â€¢ Achieve a 20 per cent year-on-year growth in credit
â€¢ Allocate 60% of the Micro and Small Enterprises advances to the micro enterprises; and
â€¢ Achieve a 10% annual growth in number of micro enterprise accounts.

(ii) Under the revised Priority Sector Lending (PSL) guidelines, a target of 7.5 per cent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, has been prescribed for SCBs for lending to Micro Enterprises.

(iii) In order to solve the problem of delayed payment to MSMEs, RBI has issued guidelines for operationalising the Trade Receivables Discounting System (TReDS).

(iv) Pradhan Mantri MUDRA Yojana (PMMY) has been launched on 8th April 2015 to provide loans upto Rs.10 lakh for enterprises & trades.

(v) SIDBI has launched 'SIDBI Make in India Soft Loan Fund for Micro, Small & Medium Enterprises (SMILE)' with a corpus of Rs. 10,000 crore and India Aspiration Fund (IAF) with a corpus of Rs. 2,000 crore to boost the start-up Venture Capital and MSME ecosystem in the country.

2. Loans to MSMEs are based on extant guidelines of the RBI. The following schemes are being implemented to reduce the effective cost of the loans to MSMEs:-

i. Credit Linked Capital Subsidy Scheme (CLCSS) of the Ministry of MSME provides a subsidy against loans taken for technology upgradation for selected products/sub-products.

ii. Technology Up-gradation Fund Scheme for Textile and Jute Industries (TUFS) of the Ministry of Textiles extends interest reimbursement and capital subsidy at different rates for upgrading and modernizing technological processes.

3. The state-wise details of the Credit Guarantee Scheme (CGTMSE) and Credit Linked Capital Subsidy (CLCSS) Scheme are at Annexure-I and Annexure-II respectively.

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